

# AT&T/MCI's Policy Advocacy Is Designed To Delay RBOC Entry Into InterLATA

- Given large profits in long-distance markets, IXC's have an incentive to delay RBOC's entry into interLATA
- Demanding uneconomic "avoidable cost" discounts for wholesale services is designed to promote resale and shut out facilities-based competitors from local exchange and ultimately interLATA markets

# Uneconomic Unbundling Will Distort Competition

- Economics only requires essential facilities to be unbundled
- Unbundled elements priced below TSLRIC + mark up for shared and common costs will discourage facilities-based entry
- New entrants should not be allowed to rebundle elements into a full service
- Unbundling imposes costs on LECs

## Avoid Policies Which Harm Efficient Competition

- Imposing excessive unbundling requirements
- Setting uneconomic wholesale discounts
- Pricing network elements and interconnection at TSLRIC
- Using flawed estimates of TSLRIC
- Allowing IXCs to use interconnection/unbundling to bypass access charges

## FCC Should Exercise Leadership by:

- Issuing broad pricing guidelines based on full economic cost recovery
- Recognizing that its rules could affect the evolution of competition and market structure, favoring some entrants over others
- Reforming access charges to prevent arbitrage
- Urging states to rebalance rates and reduce asymmetric regulatory obligations imposed on incumbent LECs